

EXECUTIVE SUMMARY

HOUSE FILE 714

COMMUNITY DEVELOPMENT AND BUSINESS DAYCARE TAX CREDIT ACT

COMMUNITY DEVELOPMENT AND BUSINESS DAYCARE TAX CREDITS

- This Act provides tax credits for business investment in qualified community development projects and also for business investment in employee daycare. The Department of Economic Development is required to approve the projects. The total value of statewide credits is limited to \$4.0 million per year that would apply to tax years beginning on or after January 1, 2002.

FISCAL IMPACT

- It is estimated that HF 714 will decrease General Fund receipts by \$1.0 million in FY 2002, \$5.0 million in FY 2003, and \$4.0 million in succeeding fiscal years.

CONTINGENT EFFECTIVE DATES

- This Act was to be effective only if the Revenue Estimating Conference determined that a federal income tax change would increase Iowa income tax receipts by at least \$7.9 million in FY 2002.

GOVERNOR'S VETO

- The Governor vetoed HF 714 and stated that the philosophy of giving daycare tax credits to businesses instead of parents is flawed. The Governor stated that the decision to provide employee childcare benefits should be based on the business decisions of the company, not on the availability of a tax credit. The Governor also cited fiscal issues in FY 2002 as a reason for the veto.

ENACTMENT DATE

- This Act was approved by the General Assembly on May 4, 2001, and vetoed by the Governor on May 31, 2001.